



# Business Confidence Survey

June 2014



Conducted by Boardroom Business  
on behalf of Gympie Regional Council  
[www.boardroombusiness.com.au](http://www.boardroombusiness.com.au)

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**“ We are aiming to source information based on actual business confidence in the region so that businesses may be more accurately informed prior to making strategic decisions. ”**

Cr Ron Dyne  
Mayor – Gympie Regional Council



Business Confidence is a unique barometer of economic activity. It is the measurement of what businesses think is going to happen in the future. Therefore business confidence reports are one of the few forward projecting data sets available to the business community.

Business confidence reports are, however, one of many sources of information available to businesses. Because of the uncertainty involved it is highly recommended that a variety of information sources be utilised by both the business community and policy makers for decision-making.

Boardroom Business, in partnership with Gympie Regional Council and the many business and government organisations in the region, set about to understand confidence levels over time and created this series of surveys.

The objective was to assist local businesses in their decision-making by understanding LOCAL data and information. Businesses therefore do not have to solely rely on national data, or the media, for information on business confidence levels.

This is the ninth instalment of the survey for the Gympie region and we wish to sincerely thank all the businesses and various organisations that made this survey possible.

We wish to especially thank the many business owners and managers that spent the time participating in the survey and answering the questions.

# SURVEY METHODOLOGY

The survey was designed and executed to capture business responses within the Gympie Regional Council boundaries.

The survey questions were designed with input from the Economic Development Unit of the Gympie Regional Council and local chambers of commerce, and were designed to be able to benchmark the Gympie region over a period of time.

Opening on 2 June 2014 and closing on 4 July 2014, the survey was distributed via established business network groups across the region and via Council's database. 204 businesses responded to the survey.

Conducted online and through paper based questionnaires, the survey allowed for anonymous participation and consisted of 10 questions. The questions were short and simple and took on average 2-3 minutes to complete.

The last question asked if the respondent wished to leave their email address for purposes of email alerts regarding the release of the results. The privacy of all respondents will be maintained at all times.

Similar business confidence survey questions are conducted in both the Sunshine Coast and Ipswich Regions. This enables all three Regions to benchmark results against each other, over time.

These reports are available at [www.boardroombusiness.com.au](http://www.boardroombusiness.com.au)

This report was made public on Monday, 8 September 2014 at the Gympie Chamber of Commerce breakfast meeting.



# INDUSTRY SECTORS

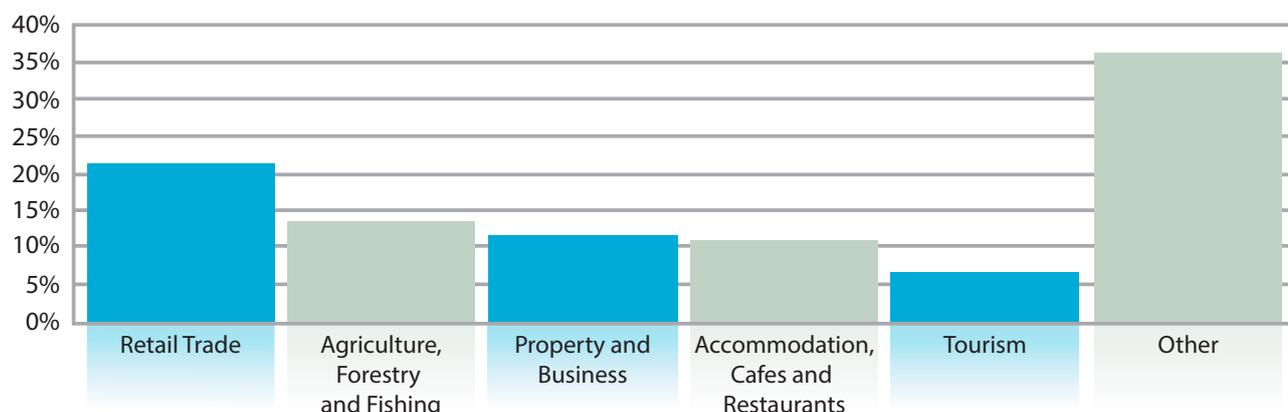
## QUESTION 1

### Which industry do you belong to?

Using the Australian and New Zealand Standard Industry Classification codes (ANZSIC) for purposes of national comparisons.

Retail Trade	44	22%
Agriculture, Forestry and Fishing	28	14%
Property and Business Services	23	11%
Accommodation, Cafes and Restaurants	22	11%
Tourism	13	6%
Financial and Insurance	12	6%
Personal and Other Services	11	5%
Construction	10	5%
Manufacturing	9	4%
Health and Community Services	8	4%
Transport and Storage	6	3%
Wholesale Trade	5	2%
Cultural and Recreational Services	4	2%
Education	4	2%
Communication Services	2	1%
Electricity, Gas and Water Supply	2	1%
Government Administration and Defence	1	<1%
	204	100%

Source: Boardroom Business (2014) Gympie Business Confidence Survey (June 2014)



# REGIONAL BREAKDOWN

## QUESTION 2

In which Region do you primarily operate your business from?

Gympie	80	39%
Multiple Gympie Region locations	20	10%
Imbil	15	7%
Rainbow Beach	15	7%
Tin Can Bay	15	7%
General Queensland/National/International	10	5%
Kilkivan	8	4%
Southside	6	3%
Goomeri	5	2%
East Deep Creek	3	1%
Goomboorian	3	1%
Carters Ridge	2	1%
Cedar Pocket	2	1%
Dagun	2	1%
Kybong	2	1%
Traveston	3	1%
Veteran	2	1%
Mothar Mountain	2	1%
Calico Creek, Curra, Gunalda, Kandanga, Melawondi, Amamoor, Widgee, Wolvi, Woolooga	1	<1%
	204	100%

Source: Boardroom Business (2014) Gympie Business Confidence Survey (June 2014)



# GENERAL BUSINESS CONFIDENCE

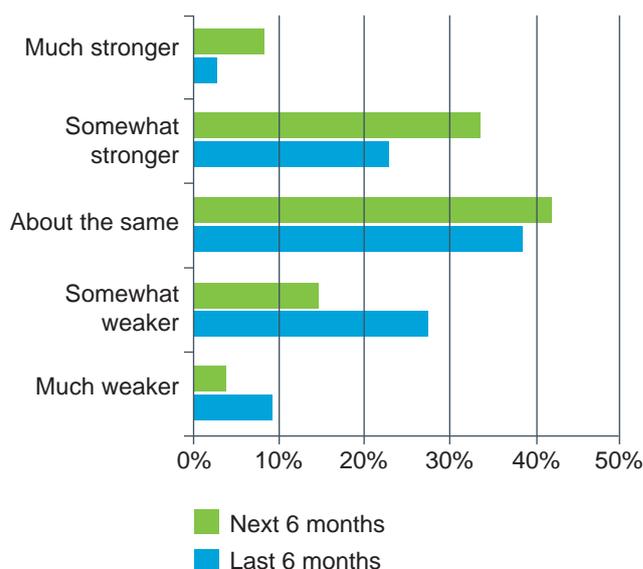
## QUESTION 3

### How has your business/organisation performed?

How has your business performed over the LAST 6 months relative to the previous 6 months?

Performance	Response	%
Much Weaker	18	9%
Somewhat Weaker	56	27%
About the Same	77	38%
Somewhat Stronger	47	23%
Much Stronger	6	3%
Total	204	100%

Source: Boardroom Business (2014) Gympie Business Confidence Survey (June 2014)



Source: Boardroom Business (2014) Gympie Business Confidence Survey (June 2014)

How do you believe your business will perform in the NEXT 6 months compared with the last 6 months?

Performance	Response	%
Much Weaker	7	3%
Somewhat Weaker	28	14%
About the Same	85	42%
Somewhat Stronger	68	33%
Much Stronger	16	8%
Total	204	100%

Source: Boardroom Business (2014) Gympie Business Confidence Survey (June 2014)



# BUSINESS CONFIDENCE IN DETAIL

## QUESTION 4

In your business/organisation do you expect an increase, decrease or no change over the next 6 months in the following areas?

### Q4 of 9: Business Performance in Detail

Profitability		
Significant Decrease	17	8%
Slight Decrease	36	18%
No Change	63	31%
Slight Increase	67	33%
Significant Increase	21	10%
<b>TOTAL</b>	<b>204</b>	<b>100%</b>

Staffing Levels		
Significant Decrease	8	4%
Slight Decrease	30	15%
No Change	130	64%
Slight Increase	33	16%
Significant Increase	3	1%
<b>TOTAL</b>	<b>204</b>	<b>100%</b>



Capital Investment		
Significant Decrease	14	7%
Slight Decrease	14	7%
No Change	122	60%
Slight Increase	42	21%
Significant Increase	12	6%
<b>TOTAL</b>	<b>204</b>	<b>100%</b>

Source: Boardroom Business (2014) Gympie Business Confidence Survey (June 2014)

# SURVEY INDEX

The June 2014 survey is the ninth in the Gympie Region Business Confidence Survey series.

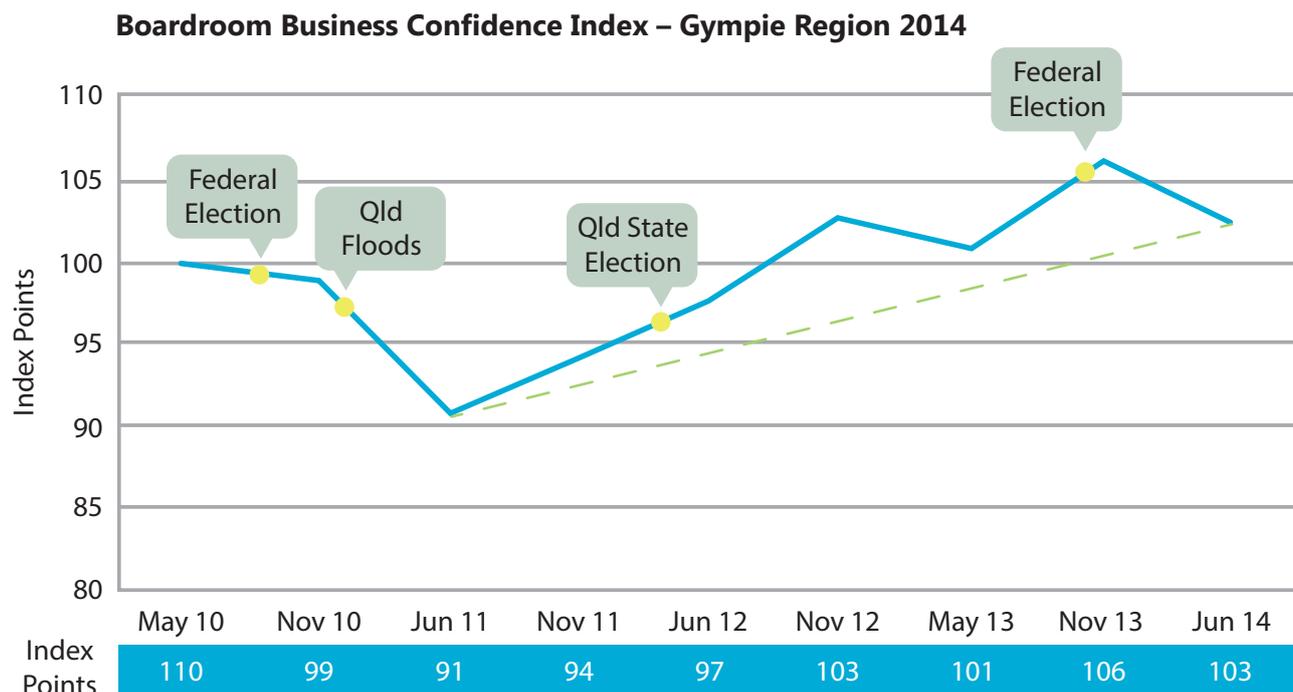
Using the data collected since 2011, we have created the Boardroom Business Confidence Index to demonstrate confidence trends over time.

This index has been designed with the help of respected economist Michael Emerson of EMDA<sup>1</sup>. For a full explanation of how this index is calculated, please see our dedicated Gympie survey web page:

[www.boardroombusiness.com.au/gympie](http://www.boardroombusiness.com.au/gympie)

Business confidence has been on a steady increase since the lows of the GFC really hit Australia. The longer term trend is positive. Over the past 3 years business confidence has been on a steady increase, rising over 12 points resulting in the June 2014 index at 103 points.

The June result however reflects a small 3 point drop in confidence levels from six months ago, however this is coming off an all time high from 106 points leading into December 2013.



Source: Boardroom Business (2014) Gympie Business Confidence Survey (June 2014)

<sup>1</sup>EDMA are economic and market development specialists. Michael Emerson, Founding Director of EMDA, is the author of The Fairfax Media Employment Forecasts for Australia, Australia's most accurate Employment Forecasts. ([www.emda.com.au](http://www.emda.com.au)).







# FOCUS QUESTIONS, CONT

## QUESTION 7

What town centre improvements do you feel are essential towards attracting new business and residents to your region, both short term and/or long term suggestions?

From Imbil to Tin Can Bay, from Gympie through to Goomeri, we received many well thought through comments about both the challenges and opportunities for our region.

"Attracting major industry to this area—long term. Government works programs—short term employ locals to carry out and local work."

"Better parking and traffic flow. It is easier to park at the shopping centres and that attracts people towards the shopping centres and away from the city centre."

"Better tourism signage, improvements to shop frontages as well as footpaths (level and cleared), availability of commercial premises, upgrading tourism assets (i.e. town park, playground, lookout)."

"Boardwalk to make the most of a natural asset. Redevelopment of the beach foreshore area. Develop the centre block as a tourist feature."

"Do not think anything in the town centre i.e. changes will have any real effect. Establishment of a proper Independent Tourist Centre (with a focus to have people stay another day). Make Rainbow Beach a RV friendly town. Release of more land into our region with strict parameters around type of development. Also believe we need to consider attracting people who derive their income from online industry rather than the traditional type of operation. Our area is so driven by tourism we need to look at other types of industry and service based businesses."

"Gympie desperately needs an attractive Visitor Transit Centre for bus and train visitors to have some comfort and feel secure. Waiting for the bus to train or for an intercity bus is a very unwelcoming experience. You should try waiting for the 9pm train commuters at the Cinema bus stop. A scary experience!"

Source: Boardroom Business (2014) Gympie Business Confidence Survey (June 2014)

"Gympie: Short term put lights in the trees and have music in Mary Street to make it more inviting for residence of the area to shop. This small step will encourage businesses to have night shopping and bring lift back into the Street."



"Regular upgrades to simple stuff like seating, signage, landscaping."

"Imbil is our Town centre. The improvements we would like to see are:

1. Development of the central park for tourism.
2. Revitalisation and renewal of the town centre and old legacy buildings.
3. Upgrade the tourist information centre.
4. Heritage trail walk around the town.
5. Better or more use of the Heritage Rail Station precinct.
6. Return of the Mary Valley Rattler."

"Short term: Look after people who visit as well as we can. Long term: A jetty, improved aquatic based facilities, and get rid of sandflies {Tin Can Bay}."

"We just need jobs which will give flow on effect."





# FOCUS QUESTIONS, CONT

## QUESTION 9

In your opinion, what are the major constraints on the growth of your own business?

Note: Participants could select more than one answer to this question. Percentages based on number of respondents, not the total number of responses.

Rising overheads and utility costs	105	51%
Wages	71	35%
Taxes and Government charges	57	28%
Licensing and regulations	49	24%
Rising transport costs	47	23%
Price pressure from customers	46	23%
Broadband and information technology access	43	21%
Declining demand from customers	42	21%
Price pressure from competitors	41	20%
Declining customer base	38	19%
Global / national economic performance	36	18%
Availability of skilled workers	36	18%
Transport infrastructure	35	17%
Increasing competition from low-cost imports	34	17%
Declining visitor numbers	34	17%
Rising production costs	33	16%
Problems with local or state Government planning regulations	32	16%
Price pressure from suppliers	30	15%
Other	30	15%
High Australian Dollar	28	14%
Environmental catastrophes (oil slicks, hurricanes, flooding etc)	23	11%
Carbon Tax	21	10%
Difficulties in obtaining finance / extending credit facilities	20	10%
Personal / home pressures	20	10%
Limited supply of production materials / product	12	6%
Shortage of industrial / commercial land	11	5%
Access to training	7	3%
Reduced demand for exports	4	2%

Source: Boardroom Business (2014) Gympie Business Confidence Survey (June 2014)

# FOCUS QUESTIONS, CONT

## QUESTION 10

### What would make a difference to the profitability or viability of your business?

There were close to 150 responses to this question, with some respondents providing quite detailed feedback and suggestions. These anonymous responses are valued and will be seen by Council's Economic Development Unit, the region's Chambers of Commerce and business groups. Below are some selected responses to this question.

"Access to low interest/zero interest loans to small business that directly relate to social enterprise and to keeping services that support local people LOCAL."

"Better marketing of beef. Monopoly meat works dictate the price to the grazier."



"Attending trade/caravan shows etc, or providing information through Caravanning Queensland that can be obtained from these events. Our shire is missing many tourists from visiting our area as councils like Fraser Coast AND Sunshine Coast have ample visitor information enticing them to their regions."

"Faster internet...please!!!"

"Less competitors, larger population base, better advertising methods."

"Stop cheap imports - we can compete on quality and service but not price."

"Lowering of the base wage to ensure that Australian agriculture can compete with overseas products. Regulation of basic commodity prices e.g. water, electricity, fuel and communication for agricultural purposes."

"Packaging deals with other businesses. More attractions for guests to be entertained."

"Establishment of a "best practice" or "code of conduct" for farmers' markets organisers to reduce the dilution by non-farmer stalls. Access to a common accredited facility in which producers can access facilities to value-add. For example: commercial kitchens, cold and freezer storage, maybe a store-front or place to showcase product, pack and process our product ready for sale, etc. Support for small meat, egg and dairy farmers to simplify the accreditation and auditing process to better suit a small, often multi-faceted, operation."



# FOCUS QUESTIONS, CONT

"Less red and green tape. Less fees and charges from all levels of Government. A level playing field in relation to imports. A removal of the supermarket duopoly who kill local farmers."

"Reduced costs of production. Some inputs are becoming unviable so we have to look for alternative suppliers in packaging and utilities."

"Retailers in the CBD working together to promote the town centre and having a promotion budget to work with to match the competition from shopping centres (who impose compulsory promotional levies on their tenants)."

"Smart targeted tourism marketing that talks about Rainbow Beach not Gympie."

"The ability to hire more staff but cost of wages prevents this right now. Also, improved internet capability would make a huge difference in the effective use of time in the business."

"More people travelling, which at this time is the end of the financial year and things always slow down. Everyone still seems nervous about the economy."



# FOCUS QUESTIONS, CONT

This is the ninth in the Business Confidence Survey series and we have tabled below the top five constraints from previous surveys for comparison.

	June 2014	November 2013	April 2013	November 2012	June 2012	November 2011
1	Rising overheads and utility costs	Rising overheads and utility costs	Rising overheads and utility costs	Rising overheads and utility costs	Rising overheads and utility costs	Rising overheads and utility costs
2	Wages	Taxes and Government charges	Taxes and Government charges	Global/national economic performance	Global/national economic performance	Global/national economic performance
3	Taxes and Government charges	Price pressure from competitors	Price pressure from customers	Price pressure from customers	Carbon Tax	Price pressure from customers
4	Licensing and regulations	Price pressure from customers	Rising transport costs	Taxes and Government charges (new)	Declining customer base	Price pressure from competitors
5	Rising transport costs	Global/national economic performance	Price pressure from competitors	Price pressure from competitors	Rising transport costs	Declining customer base

Source: Boardroom Business (2014) Gympie Business Confidence Survey (June 2014)

As with previous surveys, rising overheads and utility costs continues to be the biggest constraint on the region's businesses. With the repeal of the Carbon Tax, businesses will be watching their electricity invoices particular carefully.

Wages appear in the top five constraints on business for the first time. There were also numerous mentions of penalty rates being an issue on weekends and Public Holidays in Question 10 within this survey.

Licensing and regulations also appear in the top five for the first time.

# ECONOMIC ANALYSIS

## Talking to the Data

### Introduction

National Consumer confidence has rebounded since the sharp dive following the release of the Federal Budget as the government failed to sell the importance of budget repair and fear mongers relished the opportunity to score political points. Australian business confidence remained relatively resilient in spite of the anxiety brought on by the budget. Low interest rates, rising property prices, a lower AUD, and the realisation most proposed cuts were not pencilled for a couple of years as well as a Senate unwilling to pass many of the Governments proposed measures helped consumer sentiment improve and narrow the gap to business confidence that had recently emerged.

The ongoing transition in the resource sector will afford non-mining companies the opportunity to once again access cheaper and more plentiful capital and labour. This will assist the economy to broaden the number of sectors contributing to growth and should further boost both consumer and business confidence in the medium term.



Jordan Carlos  
Financial Markets Analyst, Suncorp Bank

### Talking to the data

Consistent with the prior survey there were 204 respondents in the June (2014) edition with a diverse cross-section of industry participation. This improved the validity of the findings as it resembled the diversity of the diverse regional economy.

Business confidence slipped in the Gympie region over the past six months, perhaps reflecting a closer correlation to the slide in national consumer sentiment given the regions high reliance on retail trade (contributes 7.2% to GRP compared to 5.1% of QLD GSP in 2011/12) and accommodation and food services as well as a lull in activity post the reconstruction after the floods. Respondents suggested profitability was relatively unchanged over the past six months, despite identifying rising utility costs and wages as major constraints. Participants expected trading conditions to remain tough in the six months ahead, supported by staffing level intentions which suggest a larger proportion of businesses considering staff retrenchments. Capital investment intentions remained relatively unchanged over the past six months, maintaining the positive trend over the past five surveys. It should be noted that capital investment decisions do not always reflect the current state of the economy as they are often essential expenditure items that must occur or investment decisions that have been planned over a long period. After a business trough capital investment often lags improved sentiment as business operators await validation that the economy has indeed turned before deploying capital.

# ECONOMIC ANALYSIS

## Talking to the Data, cont

Participants identified that their performance over the past 6 months relative to the preceding 6 months was weaker. In fact, the proportion of respondents suggesting that business was 'somewhat or much stronger' declined to the lowest level since the survey back in June 2012. The proportion of participants indicating that trading was 'about the same' was unchanged but has trended higher in recent times, perhaps reflecting ongoing structural change occurring across the economy culminating in a period of subdued consumer demand.

Expectations for the period ahead remain softer but as the economy transitions towards non-resource driven growth, sentiment is likely to be revised higher as conditions in regional areas improve. As it currently stands, a greater proportion of participants are expecting weaker or unchanged conditions in the 6 months ahead, at the expense of those predicting more prosperous times ahead.

The Federal Budget was mentioned on a number of occasions throughout the survey and referred to as 'very, very unfair' by one respondent. The proposed fiscal tightening over the forward estimates was a necessary evil that prevented a harsher contraction in public spending in the years ahead. Why is corrective action required now? Australia is a net borrower, evident by a current account deficit. Because the country is funded by foreign capital it is imperative to maintain a healthy balance sheet and AAA credit rating to ensure that the premium demanded by investors does not blow-out and increase Australia's interest costs.

All budgets are tough but it is essential that the government matches expected tax revenues and expenditure. During times of falling commodity prices, spending needs to fall as government revenue comes under pressure. Unfortunately, key Australian export commodities are likely to come under further pressure as global supply continues to outpace demand.

The Federal Budget contained plans to spend \$50B on infrastructure in the years ahead which combined with state and private sector investment totals \$125B. This is not enough to offset the decline in capital investment in the mining and gas sectors that are expected to gain momentum from 2015, but will act to bridge some of the gap. Survey participants expressed concerns surrounding the state of the Bruce Highway. Seventeen new projects to upgrade the highway are scheduled to commence in the next four years, including the Gympie bypass and a total of 45 projects will be completed over the next decade. \$540 million has been allocated to funding these upgrades with \$499.4 million coming from the Federal government.

Lower bank interest rates were noted as key to improved economic outcomes for the region. Interest rates around the world are trading around historically low levels with multi-century lows recently experienced across Europe. RBA data suggests that borrowing costs in Australia are at attractive levels and interest costs relative to profits are at their lowest levels since data collection began. These rates are being driven lower by fierce competition among Australian banks due to the subdued credit growth environment. Risk premiums required by investors to invest in corporate debt are also at record lows suggesting further downside in interest rates may be limited.

# ECONOMIC ANALYSIS

## Talking to the Data, cont

A number of survey participants said the region could benefit from increased tourism activity. Tourism Australia reported that the industry grew 8.2% in 2013 assisted by a decline in the AUD (circa -14%) and improved economic conditions abroad. In recent months growth in short-term visitor arrivals outpaced short-term domestic departures but in nominal terms the number of domestic travellers travelling abroad is larger than inbound tourists. However, expectations for additional depreciation in the Australian Dollar over the longer-term will be positive for the tourism sector as foreigner purchasing power increases and the financial incentive for domestic holiday-makers to look around their backyard increases.

There has been substantial growth in inbound Chinese tourists in recent years and they are now the second largest foreign tourist base for Australia. Tourism hubs need to leverage off existing relationships and geographical proximity to attract a greater proportion of outbound Chinese tourists as the World Trade Organisation estimates that ongoing urbanisation and rising median incomes will see 200 million annual Chinese tourists looking for travel destinations by 2020. Research by Tourism Australia suggests that Chinese are less impressed by 'great swimming beaches' and more attune to world class beauty and natural environments, local cuisine and interesting attractions to visit. Perhaps a re-think of our marketing strategy will be necessary to leverage off our competitive advantages and maximise the opportunities arising from the Asian century.



# ACKNOWLEDGEMENTS

Without the support of the following organisations this survey would not have been possible.

We would like to sincerely thank the following:

- AIEM Net
- Australian Industry Group
- Centro
- CTC Employment and Training Services
- Department of Communities
- Department of Employment, Economic Development and Innovation
- Department of Innovation Industry, Science and Research AusIndustry
- Destination Gympie Region
- Goomeri Chamber of Commerce
- Gympie Cooloola Tourism
- Gympie Go Getters
- Gympie Times
- Gympie Women in Business Network
- Gympie Chamber of Commerce
- Keep Australia Working
- Mary Valley Chamber of Commerce
- Mary Valley Inc
- RDA Wide Bay Burnett
- Rainbow Beach Commerce and Tourism Association
- Suncorp
- The Gympie Times
- Tin Can Bay Chamber of Commerce
- Wide Bay Institute of TAFE - Gympie Campus

## CHAMBERS AND BUSINESS GROUPS IN YOUR REGION

Chamber	Contact details
Gympie Chamber of Commerce	<a href="http://www.gympiechamber.com.au">www.gympiechamber.com.au</a>
Mary Valley Chamber of Commerce	<a href="http://www.maryvalleychamberofcommerce.com.au">www.maryvalleychamberofcommerce.com.au</a>
Goomeri Chamber of Commerce	<a href="http://www.goomeri.org.au">www.goomeri.org.au</a>
Tin Can Bay Tourism and Commerce	<a href="http://www.tincanbaytourism.org.au">www.tincanbaytourism.org.au</a>
Gympie Women in Business Network	<a href="http://www.gympiewib.com.au">www.gympiewib.com.au</a>
Rainbow Beach Commerce and Tourism Association	<a href="http://www.ourrainbowbeach.com.au">www.ourrainbowbeach.com.au</a>

If you are a member of a local business group and it is not listed above, please contact us and we will ensure you are included in future Business Confidence Survey activities.

### Legal Disclaimer

This report provides information designed to help users cope with their own business, financial, legal and other needs. This information is not the same as retaining experts in those fields for advice. Although we go to great lengths to ensure the information is accurate, we strongly recommend you consult an expert, including but not limited to an accountant, financial services consultant, lawyer or other professional as appropriate. Nothing contained in this report is to be considered as the rendering of financial, professional, legal or other advice for specific cases, and users are responsible for obtaining such advice from their own financial, legal or other counsel. The information contained in this report is intended for educational, background and informational purposes only.



# WANT TO FIND OUT MORE?

If you would like to take part in further involvement in the confidence survey series you can subscribe online to receive the email alerts and be among the first to download the results.

You may also like to contribute your comments on our Boardroom Blog and tell us what you think about the survey and/or general business confidence in your region.

Go to [www.boardroombusiness.com.au](http://www.boardroombusiness.com.au)

If you are involved in a business organisation and interested in supporting the survey, we would like to hear from you.

#### CONTACT US:

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[www.boardroombusiness.com.au](http://www.boardroombusiness.com.au)

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This report has been produced by Boardroom Business on behalf of the Gympie Regional Council.

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